

Allied[®] Bank West

1500 WAUGH DRIVE
1300 POST OAK BLVD.
P.O. BOX 4401
HOUSTON, TEXAS 77210-4401

REGISTRATION NO. *13808/A* Filed 1425

April 28, 1986

MAY 23 1986 -10 45 AM

No. **6-143A016**
MAY 23 1986

Date

Fee \$ *10.00*

INTERSTATE COMMERCE COMMISSION ICC Washington, D. C.

Secretary of Interstate
Commerce Commission
12th & Constitution Ave. NW
Room 1227
Washington, D.C. 20434

Re: Charles D. Martin
Recorded Security Agreement
Filed 10-4-82 File #13808

Dear Sir:

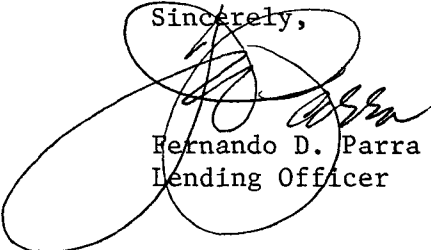
Allied Bank West f/k/a Allied American Bank hereby assigns their security interests under the above reference filing to:

National Bank of Commerce - Myerland
P. O. Box 35668
Houston, Texas 77235
Attn: Mr. Ray W. Stanley, Jr.

The obligation behind this filing has been re-financed at National Bank of Commerce - Myerland.

Thank you for your assistance in this matter.

Sincerely,


Fernando D. Parra
Lending Officer

Interstate Commerce Commission
Washington, D.C. 20423

5/23/86

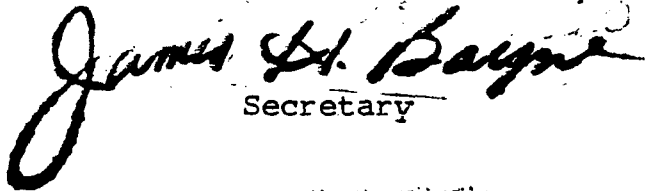
OFFICE OF THE SECRETARY

Fernando D. Parra
Lending Officer
Allied Bank West
1500 Waugh Drive
1300 Post Oak Blvd.
P.O.Box 4401
Houston, Texas 77210-4401

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/23/86 at 10:45am and assigned re-recording number(s). 13808-A

Sincerely yours,


Secretary

Enclosure(s)

SE-30
(7/79)

MAY 23 1986 - 10 45 AM



INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT-ACCOUNTS AND CHATTEL PAPER

CHARLES D. MARTIN, whose address is
Name of "Debtor"

6030 SPRING CREEK GROVE LN. SPRING, HARRIS COUNTY, TX 77397
(No. and Street) (City) (County) (State) (Zip Code)

and NBC BANK-MEYERLAND
4939 BEECHNUT HOUSTON, TEXAS, 77096
hereinafter called "Secured Party", agree as follows:

Section I. Creation of Security Interest

Debtor hereby grants to Secured Party a continuing security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of all obligations and indebtedness of Debtor to Secured Party of whatever kind and whenever or however created or incurred, whether direct or indirect, absolute or contingent, or now or hereafter existing or due or to become due.

Section II. Collateral.

The Collateral of this Security Agreement is all of Debtor's existing Accounts and Chattel Paper and all of Debtor's Accounts and Chattel Paper which may hereafter come into existence during the term of this agreement, the rights and interest of Debtor in goods the sale of which gave rise to such Accounts and Chattel Paper, and all proceeds of such Collateral.

Section III. Loans.

Subject to the terms of this Security Agreement, Secured Party will make such loans to Debtor as it from time to time shall elect to make secured as herein provided. The aggregate unpaid principal of all such loans outstanding at any one time shall not exceed such percentage of Debtor's Acceptable Accounts and Chattel Paper, net of allowable discounts, as Secured Party may fix upon notice to Debtor. Each loan shall be evidenced by Debtor's promissory note in form satisfactory to Secured Party bearing interest at such rate as may be agreed upon from time to time by Debtor and Secured Party and being payable as therein provided. The term "Acceptable Accounts and Chattel Paper" shall mean Accounts and Chattel Paper which conform to the warranties set forth in Section V and are otherwise acceptable to Secured Party. Secured Party has made a loan to Debtor under this agreement the proceeds

of which have been advanced to Debtor and are represented by Debtor's promissory note of even date herewith in the amount of \$ 20,874.15 payable to the order of Secured Party, bearing interest and being payable as therein provided.

Section IV. Payment Obligations of Debtor.

(1) Debtor shall pay to Secured Party any sum or sums due or which may become due pursuant to any promissory note or notes now or hereafter executed by Debtor to evidence Debtor's indebtedness to Secured Party, in accordance with the terms of such promissory note or notes and the terms of this Security Agreement.

(2) Debtor will (except as Secured Party may otherwise consent in writing) forthwith, upon receipt of all checks, drafts, cash, chattel paper and other remittances in payment or on account of Accounts or Chattel Paper deliver the same to Secured Party for deposit to a special bank account maintained by Secured Party (herein called the "Collection Account") over which Secured Party alone has power of withdrawal. Not later than the business day following their receipt, all such collections shall be delivered to Secured Party in the original form received, except that any checks or other instruments requiring Debtor's endorsement will be endorsed specially to the order of Secured Party (which endorsement Secured Party is hereby irrevocably authorized to make on Debtor's behalf). Pending such delivery, Debtor agrees that it will not commingle any such collections with any of its other funds or property, but will hold them separate and apart therefrom and upon an express trust for Secured Party until delivery thereof is made. Secured Party may from time to time at its discretion, and shall upon request of Debtor made not more than once a week, apply the whole or any part of the collected funds then on deposit in the Collection Account against the principal and/or interest of any notes issued hereunder or other indebtedness secured hereby, the order and method of such application to be in the discretion of Secured Party. Any portion of such funds on deposit in the Collection Account which Secured Party elects not to so apply shall be paid over to Debtor. Provided, however, that if at any time Secured Party grants to Debtor the right to retain proceeds of Accounts or Chattel Paper for Debtor's use or if at any time Secured Party elects to pay funds on deposit in the Collection Account to Debtor, the Collateral so retained or paid over shall be deemed thereby released from the security interest hereunder in exchange, as of the time of such retention or payment, for any other Collateral of equivalent value in which a perfected security interest hereunder is being obtained contemporaneously or has been most recently obtained.

(3) Debtor shall pay to Secured Party on demand all expenses and expenditures including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the maximum rate allowed by applicable law.

(4) Debtor shall pay immediately, without notice, the entire unpaid indebtedness of Debtor to Secured Party, whether created or incurred pursuant to this Security Agreement or otherwise, upon Debtor's default under Section VI of this Security Agreement.

Section V. Debtor's Warranties, Representations and Agreements.

Debtor warrants, represents and agrees that:

(1) The Collateral will meet the following requirements continuously from the time each part of the Collateral comes into existence until it is collected in full:

(a) The Account or Chattel Paper will be due and payable not more than 90 days from the date of the invoice or agreement evidencing the same.

(b) The Account or Chattel Paper arose from the performance of services by Debtor which have been fully and satisfactorily performed or from the absolute sale of goods by Debtor in which Debtor had the sole and complete ownership, and the goods have been shipped or delivered to the Account Debtor, evidencing which, Debtor or Secured Party has possession of shipping and delivery receipts.

(c) The Account or Chattel Paper is not subject to any prior or subsequent assignment, claim, lien or security interest other than that of Secured Party.

(d) The Account or Chattel Paper is not subject to set off, counterclaim, defense, allowance or adjustment other than discounts for prompt payment shown on the invoice, or to dispute, objection or complaint by the Account Debtor concerning his liability on the Account, and the goods, the sale of which gave rise to the Account, have not been returned, rejected, lost or damaged.

(e) The Account or Chattel Paper arose in the ordinary course of Debtor's business, and no notice of bankruptcy, insolvency, or financial embarrassment of Account Debtor has been received by Debtor.

(2) Debtor's only place of business is that appearing at the beginning of this agreement and, if Debtor has more than one place of business, on the sheet hereto attached, signed by Debtor. Debtor will promptly notify Secured Party of any change of location of any place of business or of the addition of any new place of business.

(3) All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine.

(4) No financing Statement covering the Collateral or its proceeds is on file in any public office; except for the security interest granted in this Security Agreement, there is no lien, security interest or encumbrance in or on the Collateral; and Debtor is the owner of the Collateral.

(5) In the event any goods, the sale or other disposition of which creates any Account or Chattel Paper which is included in the Collateral, are returned to Debtor for credit, Debtor will promptly pay to Secured Party the full amount of the invoice price of such goods, and until such payment has been made, will hold such goods separate and apart from Debtor's own property in trust for Secured Party and will immediately notify Secured Party of such return. Debtor hereby grants unto Secured Party a security interest in such goods.

(6) Without the prior written consent of Secured Party, Debtor will not acquire any inventory subject to any lien, encumbrance or security interest.

(7) The office where Debtor keeps its records concerning the Accounts and Chattel Paper covered by this Security Agreement is

6030 SPRING CREEK GROVE LN. SPRING, HARRIS COUNTY TX 77397
(No. and Street) (City) (County) (State) (Zip Code)

(8) Debtor shall pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become part of the indebtedness secured by this Security Agreement and shall be paid to Secured Party by Debtor immediately and without demand, with interest thereon at the maximum rate allowed by applicable law.

(9) Debtor shall not submit or represent to Secured Party any Account or Chattel Paper as one against which loans may be made which does not meet every requirement in every respect prescribed by this Security Agreement.

(10) Debtor shall notify Secured Party promptly in writing when any Account or Chattel Paper against which a loan was or may be made under this Security Agreement ceases to meet any of the requirements of this Security Agreement.

(11) Debtor shall at all times keep complete and accurate books and records reflecting all facts concerning each Account and Chattel Paper, including those pertaining to Debtor's warranties, representations and agreements under this Security Agreement, and shall make or allow Secured Party to make written designation on Debtor's books and records to reflect thereon the assignment to Secured Party of each Account or Chattel Paper covered by this Security Agreement.

(12) Whenever, and as frequently as requested by Secured Party, Debtor will give Secured Party specific assignments of any or all Accounts or Chattel Paper as they come into existence, such specific assignments to be on a form provided by Secured Party and to be accompanied by such information and by such documents or copies thereof as Secured Party may require.

(13) Debtor shall not, voluntarily or involuntarily, subject the Collateral or its proceeds or allow the Collateral or its proceeds to be subjected to any interest of any transferee, buyer, secured party, encumbrancer or other third person, and shall not modify the contract with the Account Debtor or diminish any security for an Account or Chattel Paper without giving Secured Party five days notice in advance in writing and without first receiving written consent from Secured Party.

(14) Debtor shall, at its expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Secured Party may at any time require to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Security Agreement.

(15) Debtor shall sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons.

(16) In the event any Account shown on the schedule or schedules attached hereto is not paid in full within ten days after the due date shown for such Account, Debtor shall immediately pay Secured Party the full amount then owing on such Account.

(17) If Secured Party should at any time be of the opinion that the Collateral is not sufficient or has declined or may decline in value or should Secured Party deem payment of Debtor's obligations to Secured Party to be insecure, then Secured Party may call for additional Collateral satisfactory to Secured Party, and Debtor promises to furnish such additional security forthwith. The call for additional security may be oral or by telegram or by United States mail addressed to the address of Debtor shown at the beginning of this agreement.

Section VI. Events of Default.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

- (1) Debtor's failure to pay when due any indebtedness secured by this Security Agreement, either principal or interest.
- (2) Default by Debtor in the punctual performance of any of the obligations, covenants, terms or provisions contained or referred to in this Security Agreement or in any note secured hereby.
- (3) Any warranty, representation or statement contained in this Security Agreement made or furnished to Secured Party by or on behalf of Debtor in connection with this Security Agreement or to induce Secured Party to make a loan to Debtor proves to have been false in any respect when made or furnished.
- (4) Loss, theft, substantial damage, destruction, sale or encumbrance of or to any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.
- (5) Debtor's death, dissolution, termination of existence, insolvency or business failure; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors by Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor, surety or endorser for Debtor.
- (6) Any statement of the financial condition of Debtor or of any guarantor, surety or endorser of any liability of Debtor to Secured Party submitted to Secured Party by Debtor or any such guarantor, surety or endorser proves to be false.
- (7) The Collateral becomes, in the judgment of Secured Party, unsatisfactory or insufficient in character or value.
- (8) Any guarantor, surety or endorser for Debtor defaults in any obligation or liability to Secured Party.

Section VII. Secured Party's Rights and Remedies.

A. Rights Exclusive of default.

- (1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses he may have against Secured Party against the Assignee except those granted in this Security Agreement.
- (2) Upon written notice to Debtor Secured Party may notify or require Debtor to notify Account Debtors obligated on any or all of Debtor's Accounts or Chattel Paper to make payment directly to Secured Party, and may take possession of all proceeds of any Accounts or Chattel Paper in Debtor's possession. This Security Agreement shall be deemed to constitute an assignment of accounts and Chattel Paper for purposes of §9.318(c) of Chapter 9 of the Texas Uniform Commercial Code (Title I of the Texas Business and Commerce Code).
- (3) Secured Party may take any steps which Secured Party deems necessary or advisable to collect any or all Accounts, Chattel Paper, proceeds or other Collateral, or to sell, transfer, compromise, discharge or extend the whole or any part of the Accounts, Chattel Paper, proceeds or other Collateral, and apply the proceeds thereof to Debtor's indebtedness to Secured Party in accordance with this agreement.
- (4) In protecting, exercising or assuring its interests, rights and remedies under this Security Agreement Secured Party may execute, sign and endorse negotiable and other instruments for the payment of money, documents of title or other evidences of payment, shipment or storage for any form of Collateral or proceeds on behalf of and in the name of Debtor.
- (5) Secured Party may call at Debtor's place or places of business at intervals to be determined by Secured Party and, without hindrance or delay, inspect, audit, check and make extracts from the books, records, journals, orders, receipts, correspondence and other data relating to the Collateral or to any transaction between Debtor and Secured Party, and Debtor shall assist Secured Party in making any such inspection.
- (6) Secured Party may subrogate to all of Debtor's interests, rights and remedies in respect to any Account or Chattel Paper.
- (7) Secured Party may make any demand upon or give any notice to Debtor by its deposit in the mails or with a telegraph company, addressed to Debtor at Debtor's address shown at the beginning of this Security Agreement, or to the change of such address of which Debtor has last notified Secured Party in writing.
- (8) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the maximum rate allowed by applicable law.
- (9) Secured Party may render and send to Debtor a statement of account showing loans made, all other charges, expenses and items chargeable to Debtor, payment made by Debtor against the loans, proceeds collected and applied to the loans, other appropriate debits and credits, and the total of Debtor's indebtedness on the loans as of the date of the statement of account, and the statement of account shall be considered correct in all respects and accepted by and be conclusively binding upon Debtor, except for specified objections which Debtor makes in writing five days from the date upon which the statement of account is sent.

B. Remedies in Event of Default.

- (1) Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's obligations to Secured Party, to be insecure, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Texas Uniform Commercial Code (Title I of the Texas Business and Commerce Code) including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom, provided however, the Secured Party shall not breach the peace when taking possession of the Collateral. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at the maximum rate allowed by applicable law. Debtor shall remain liable for any deficiency.
- (2) Secured Party may remedy any default without waiving the default remedied and may waive any default without waiving any other prior or subsequent default.
- (3) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

Section VIII. Additional Agreements.

- (1) The term "Debtor" as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as Debtor. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this instrument include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties.
- (2) If more than one person executes this instrument as Debtor, their obligations under this instrument shall be joint and several.
- (3) The section headings appearing in this agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this agreement. Terms used in this agreement which are defined in the Texas Uniform Commercial Code (Title I of the Texas Business and Commerce Code) are used with the meanings as therein defined.
- (4) The law governing this secured transaction shall be the Texas Uniform Commercial Code (Title I of the Texas Business and Commerce Code) and other applicable laws of the State of Texas, except as otherwise preempted or modified by the laws of the United States of America.

DATED: this 28th day of APRIL, 1986

STATE OF TEXAS:
COUNTY OF HARRIS:

Charles D. Martin
CHARLES D. MARTIN

This instrument was acknowledged before me on the 28th day of April, 1986, by Charles D. Martin.

Kathryn Ross
Notary Public, State of Texas

Debtor 028C RWS/PJ

My Commission Expires 7-19-89



SECURITY AGREEMENT - EQUIPMENT AND CONSUMER GOODS

CHARLES D. MARTIN

whose address is

Name of "Debtor"

6030 SPRING CREEK GROVE LN. SPRING, HARRIS COUNTY, TX 77397

(No. and Street)

(City)

(County)

(State)

(Zip Code)

and NBC BANK-MEYERLAND

4939 BEECHNUT HOUSTON, TEXAS, 77096

hereinafter called "Secured Party", agree as follows:

Section I. Creation of Security Interest.

Debtor hereby grants to Secured Party a security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of all obligations and indebtedness of Debtor to Secured Party of whatever kind and whenever or however created or incurred, whether direct or indirect, absolute or contingent, or now or hereafter existing or due or to become due.

Section II. Collateral.

The Collateral of this Security Agreement is RAILROAD HOPPER CAR

of the following description:

1-3000 C.F. PRESSURE DIFFERENTIAL COVERD HOPPER CAR, SPEC. AAR207W, 100 TON ROLLER BEARING TRUCK CAR #GLNX9320 DATE BUILT 1970 FOB VICTORIA, TEXAS

REGISTRATION NO. 13808-A Filed 1425

MAY 23 1986 -10 45 AM

INTERSTATE COMMERCE COMMISSION

now owned or hereafter acquired by Debtor, and all additions and accessions thereto, and all proceeds thereof. The inclusion of proceeds in any Financing Statement or in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by this agreement.

Section III. Loans.

Subject to the terms of this Security Agreement, Secured Party has made a loan to Debtor the proceeds of which have been advanced to Debtor and are represented by a promissory note of even date herewith in the amount of

TWENTY THOUSAND EIGHT HUNDRED SEVENTY FOUR AND 15/100 \$ 20,874.15

executed by Debtor, payable to the order of Secured Party, bearing interest and being payable as therein provided.

Section IV. Payment Obligations of Debtor.

(1) Debtor shall pay to Secured Party any sum or sums due or which may become due pursuant to any promissory note or notes now or hereafter executed by Debtor to evidence Debtor's indebtedness to Secured Party, in accordance with the terms of such promissory note or notes and the terms of this Security Agreement.

(2) Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the maximum rate allowed by applicable law.

(3) Debtor shall pay immediately, without notice, the entire unpaid indebtedness of Debtor to Secured Party, whether created or incurred pursuant to this Security Agreement or otherwise, upon Debtor's default under Section VI of this Security Agreement.

Section V. Debtor's Representations, Warranties and Agreements.

Debtor represents, warrants and agrees that:

(1) All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine.

(2) No Financing Statement covering the Collateral or its proceeds is on file in any public office; except for the security interest granted in this Security Agreement, there is no lien, security interest or encumbrance in or on the Collateral, and Debtor is the owner of the Collateral.

(3) Debtor's residence or chief place of business is the address shown at the beginning of this agreement, and Debtor will immediately notify Secured Party in writing of any change thereof.

(4) If the Collateral is bought or used primarily for business use and is of a type normally used in more than one State (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like), the chief place of business of Debtor is the address shown at the beginning of this agreement. Debtor will immediately notify Secured Party in writing of any change in Debtor's chief place of business. If certificates of title are issued or outstanding with respect to any of the Collateral, Debtor will cause the interest of Secured Party to be properly noted thereon.

(5) If the Collateral is to be wholly or partly affixed to real estate or other goods, a description of the real estate or other goods is as follows:

The name of the record owner of such estate or other goods is _____

If the Collateral is wholly or partly affixed to real estate or installed in or affixed on other goods, Debtor will, on demand of Secured Party, furnish the latter with a disclaimer or disclaimers, signed by all persons having an interest in the real estate or other goods, of any interest in the Collateral which is prior to Secured Party's interest. If no description is given in this paragraph(s) then Debtor warrants that the Collateral will not be affixed to any real estate or other goods so as to become fixtures on such real estate or accessions to other goods.

(6) The Collateral will be used primarily for: (check one).

☐ Personal, family or household purposes.

☐ Farming operations.

☒ Business use, unless Secured Party consents in writing to another use.

(7) The Collateral shall remain in Debtor's possession or control at all times at Debtor's risk of loss, and Secured Party may inspect it at any time. Except for its temporary removal in connection with its ordinary use, Debtor shall not remove the Collateral from the above address without obtaining prior written consent from Secured Party.

(8) The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

(9) Debtor will have and maintain insurance at all times with respect to the Collateral against risks of fire, theft and such other risks as Secured Party may require, including standard extended coverage, and in the case of motor vehicles, including collision coverage. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Secured Party. Such insurance policies shall also contain a standard loss payable endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for ten days written minimum cancellation notice to Secured Party. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions. Secured Party may act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral. Secured Party may apply any proceeds of such insurance which may be received by it in payment on account of the obligations secured hereby, whether due or not.

(10) The Collateral will not be sold, transferred or disposed of by Debtor or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person created or suffered by Debtor voluntary or involuntary, unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest.

(11) Debtor will sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all costs, necessary to protect the security interest under this Security Agreement against the rights or interest of third persons.

(12) Debtor, will at his own expense, do, make, procure, execute and deliver all acts, things, writing and assurances as Secured Party may at any time request to protect, assure or enforce its interest, rights and remedies created by, provided in or emanating from this Security Agreement.

(13) Debtor will not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Secured Party, and Debtor shall keep the Collateral, including the proceeds from any disposition thereof, free from unpaid charges, including taxes, and from liens, encumbrances, and security interests other than that of Secured Party.

(14) If Secured Party should at any time be of the opinion that the Collateral is not sufficient or has declined or may decline in value or should Secured Party deem payment of Debtor's obligations to Secured Party to be insecure, then Secured Party may call for additional Collateral satisfactory to Secured Party, and Debtor promises to furnish such additional security forthwith. The call for additional security may be oral or by telegram or by United States mail addressed to the address of Debtor shown at the beginning of this agreement.

Section VI. Events of Default.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

(1) Debtor's failure to pay when due any indebtedness secured by this Security Agreement, either principal or interest.

(2) Default by Debtor in the punctual performance of any of the obligations, covenants, terms or provisions contained or referred to in this Security Agreement or in any note secured hereby.

(3) Any warranty, representation, or statement contained in this Security Agreement or made or furnished to Secured Party by or on behalf of Debtor in connection with this Security Agreement or to induce Secured Party to make a loan to Debtor proves to have been false in any respect when made or furnished.

(4) Loss, theft, substantial damage, destruction, sale or encumbrance of or to any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.

(5) Debtor's death, dissolution, termination of existence, insolvency or business failure; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors of Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor or surety for Debtor.

(6) Any statement of the financial condition of Debtor or of any guarantor, surety or endorser of any liability of Debtor to Secured Party submitted to Secured Party by Debtor or any such guarantor, surety or endorser proves to be false.

(7) The Collateral becomes, in the judgment of Secured Party, unsatisfactory or insufficient in character or value.

(8) Any guarantor, surety or endorser for Debtor defaults in any obligation or liability to Secured Party.

Section VII. Secured Party's Rights and Remedies.

A. Rights Exclusive of Default.

(1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses he may have against Secured Party against the Assignee, except those granted in this Security Agreement.

(2) Secured Party may enter upon Debtor's premises at any reasonable time to inspect the Collateral and Debtor's books and records pertaining to the Collateral, and Debtor shall assist Secured Party in making any such inspection.

(3) Secured Party may execute, sign, endorse, transfer or deliver in the name of Debtor notes, checks, drafts or other instruments for the payment of money and receipts, certificates or origin, applications for certificates of title or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

(4) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the maximum rate allowed by applicable law.

B. Remedies in Event of Default.

(1) Upon the occurrence of an Event of Default, or if Secured Party deems payment of Debtor's obligations to Secured Party to be insecure, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Texas Uniform Commercial Code (Title I of the Texas Business and Commerce Code) including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may peacefully enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at the maximum rate allowed by applicable law. Debtor shall remain liable for any deficiency.

(2) Secured Party may remedy any default without waiving the default remedied and may waive any default without waiving any other prior or subsequent default.

(3) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

Section VIII. Additional Agreements.

(1) The term "Debtor" as used in this agreement shall be construed as singular or plural to correspond with the number of persons executing this agreement as Debtor. The pronouns used herein are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this agreement include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties.

(2) If more than one person executes this agreement as Debtor, their obligations shall be joint and several.

(3) The section headings appearing in this agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions hereof. Terms used in this agreement which are defined in the Texas Uniform Commercial Code (Title I of the Texas Business and Commerce Code) are used with the meanings as therein defined.

(4) The law governing this secured transaction shall be the Texas Uniform Commercial Code (Title I of the Texas Business and Commerce Code) and other applicable laws of the State of Texas, except as otherwise preempted or modified by the laws of the United States of America.

DATED this _____ day of _____, 19____.

This instrument was acknowledged before me on the 28th day of April, 1986, by Charles D. Martin.

Charles D. Martin

CHARLES D. MARTIN

Kathryn Ross exp 7-19-89

NOTARY PUBLIC FOR State of Texas
County of Harris

Debtor 028C RWS/PJ